



Foreign Affairs Handbook

14 FAH-1 – Department-Wide Personal Property Management Handbook

Change Transmittal: PPM-8

Date: November 29, 2011

14 FAH-1 H-510 CAPITALIZED PROPERTY COST ACCOUNTING

Major Changes

1. This Change Transmittal issues the following revisions to 14 FAH-1 H-510:
 - **14 FAH-1 H-511, Capitalized Personal Property and General Ledger Accounting:** *USAID motor vehicles are capitalized property only when the cost is \$25,000 or greater (to include all costs associated with outfitting the vehicle in use, including shipping and/or armoring charges, when applicable).* Capitalized property from posts is *recorded on the general ledger and* is used to prepare financial statements. Accordingly (*State only*), all posts must submit capitalized property data quarterly to the Resource Management office (*RM/GFS/F/AO/WCP/PA*) in accordance with instructions provided in cables from the Bureau of Resource Management (RM). *USAID missions submit capitalized property data per instructions issued by USAID/Washington - M/CFO/CAR for mandatory quarterly submissions;*
 - **14 FAH-1 H-512, Depreciation of Capitalized Personal Property:** Generally accepted accounting principles require that the cost of *capitalized personal property* assets, less any salvage value, be allocated over the estimated useful life of an asset in a systematic and rational way. For *DPS assets, capitalized personal* property depreciation is computed by the *Global Financial Management System (GFMS)*. For *USAID assets, OE capitalized personal property is depreciated in accordance with ADS Chapter 629;*
 - **14 FAH-1 H-512.1, Depreciable Cost:** The depreciable cost is the

acquisition cost *and all costs associated with placing the asset in-service* less the estimated salvage value expected to remain at the end of the *estimated* useful life of the item. *Useful life is generated automatically by approved property system or Integrated Logistics Management System (ILMS) as applicable;*

- **14 FAH-1 H-512.2, Computing Depreciation:** In the *Global Financial Management System (GFMS)*, depreciation is computed *and posted to the general ledger quarterly;*
 - **14 FAH-1 H-512.2-1, Annual Depreciation:** This section provides an example;
 - **14 FAH-1 H-512.2-2, Accumulated Depreciation:** This section provides an example; and
 - **14 FAH-1 H-512.4, Organization of Capitalized Property Files:**
Adjustments to capitalized cost: Later improvements or modifications to a capitalized item also become part of the capitalization process *if they extend the useful life of the asset.*
Nondepreciable capitalized property: All nondepreciable property (i.e., heritage assets), regardless of cost, is included as part of the property reporting in accordance with instructions from the Bureau of Resource Management (RM) *and the Bureau of Overseas Buildings Operations (OBO), in the ILMS system, as applicable.*
2. If this issuance changed less than half the words, we formatted the changed text in *dark magenta italic*. If this issuance changed more than half the words, we did not use *dark magenta italic*. The CT line in each section shows when that section last changed.
 3. Officers are reminded that Department-issued materials not codified in the Foreign Affairs Manual or its supplemental Foreign Affairs Handbook series generally have no regulatory validity (see 2 FAM 1115.2).
 4. The office responsible for the material in this subchapter is the Bureau of Administration's Office of Logistics Management (A/LM). Please direct questions concerning content, substance, and interpretation to this office. Administrative questions on the Foreign Affairs Manual or Handbooks can be directed to A/GIS/DIR, Office of Directives Management.

Filing Instructions for Paper Copies

1. Remove and discard old subchapter 14 FAH-1 H-510 (CT:PPM-2; 07-27-2005) and insert revised subchapter 14 FAH-1 H-510 (CT:PPM-8; 11-29-2011).

2. After inserting the material in the binder, insert this Change Transmittal immediately following the CT Checklist, then fill in the entry line for CT:PPM-8, and initial.

Distribution Notice

1. The Foreign Affairs Manual and Handbooks (unclassified) official version can be found on the State Department's Intranet site.
2. All posts and offices keeping paper versions of the Foreign Affairs Manual are responsible for maintaining the FAM on a current basis (see 2 FAM 1116.5).
3. Use **KFAM** and **AINF** TAGS on **all** communications on FAM/FAH issues.